

CONFIDENTIAL
Release Date: 10-17-65

MA-1

Application to Re-enter (File #143)

WELL NAME Apache Drilling Co. #1 State

CONTRACTOR

[illegible]

REMARKS	NOT ISSUED - Receipt 9416 handed to C. T. Henderson	APP. TO PLUG
		PLUGGING REP.
		COMP. REPORT

PERMIT NUMBER 319 FILING FEE REFUNDED CONFIDENTIAL 44-29-65

DEDICATION E/2 SE/4
~~CONFIDENTIAL~~

Release Date 11-29-61

May 20, 1971

Memo from W. E. Allen

Memo to Files: #167
#319
#318
#322
#341
#353
#355
#346

Mr. Callen with U.S.F. & G. was in the office this date. He said that his company plans to contact the indemnitors in an effort to have them plug the subject wells. Should they fail to agree to plug the wells, U.S.F.&G. will proceed to plug the wells and then seek redress from the indemnitors through legal action.

April 9, 1971

Memo from W. E. Allen
Memo to:

Ram Oil Company State #1-14
SW/4 SW/4 Sec. 14-T19N-R26E
Apache County
Our File #167

Apache Drilling #1 State
NE/4 SE/4 Sec. 22-T19N-R26E
Apache County
Our File #319

Apache Drilling #3 Spurlock-
Wetzler Fee
SE/4 NW/4 Sec. 25-T18N-R26E
Apache County
Our File #341

Apache Drilling #1 Spurlock
SW/4 NE/4 Sec. 23-T19N-R26E
Apache County
Our File #318

Apache Drilling #2 Spurlock-
Wetzler Fee
NE/4 SE/4 Sec. 27-T18N-R26E
Apache County
Our File #322

Apache Drilling #1-22 State
NW/4 SE/4 Sec. 22-T19N-R26E
Apache County
Our File #346

Apache Drilling #13 Spurlock
Wetzler Fee
SW/4 NE/4 Sec. 13-T18N-R26E
Apache County
Our File #355

The week of March 28 Mr. Abrams was in the office to discuss Arizona Helium's problems in general and the plugging of their various wells in particular. Abrams advised John and myself that it had been officially decided to liquidate any and all of Arizona Helium's assets, that they had no money for plugging the wells, and that apparently it would be necessary for the Commission to go against the bonding company in order to plug these wells. Mr. Abrams did ask for additional time before the bonding company was informed that they would definitely have to plug the subject wells. We agreed not to push the plugging of these wells for the time being.

February 11, 1971

From W. E. Allen

Memo to:

Apache Drilling Company Files: #167

318

319

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341

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353

~~333~~

I met with Mr. Abrahms, the receiver for Arizona Helium Corporation to discuss the wells drilled by Apache Drilling Company and Arizona Helium Corporation and to attempt to secure additional information for our files. Mr. Abrahms was unable to supply any information that we did not have already in our possession. He had no knowledge of the status of any of the wells. He was of the opinion that Tom Hashem had worked out a deal for Eastern Petroleum to plug the subject wells. Abrahms disclaimed any knowledge of the details of this arrangement; and, Mr. Hashem said that there was no monetary arrangements, Eastern just agreed to plug them. If this is the case Eastern would probably end up with the salvage from the plugged wells.

Abrahms was informed that these wells were still under bond; and, that if it was necessary, the Commission could demand the bonding company to plug out the wells. He had the opinion that the bond had been cancelled. I explained to him that this was impossible without approval of the Commission. He was sure that no premium had been paid since Arizona Helium Corporation went into receivership. When Western Helium leased the plant at Navajo from Arizona Helium Corporation the lease was for one year with the provision that if the trial operation proved profitable, Western and Arizona Helium would enter into merger negotiations. Western has an escape clause to enable them to drop the lease prior to its expiration date. Abrahms tells me that Western has notified him that they do not intend to renew the lease. The expiration date is May, 1971. Abrahms further informed me that in order to put the plant into suitable operating condition, an investment of some \$250,000 would be required.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER

APPLICATION TO DRILL ☐ DEEPEN ☐ PLUG BACK ☐ RE-ENTER OLD WELL ☒

NAME OF COMPANY OR OPERATOR

DATE 6-29-65

Apache Drilling Co. Inc.

Address

City

State

6201 W. Indianola, Phoenix, Arizona

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number or name of lessor, if fee lease

Well number

Elevation (ground)

State 9622

1

5729

Well location and acreage dedicated to the well (give footage from section lines)

Section—township—range or block & survey

1720 ESL & 1010 FEL

80 acres-E/2SE/4

S22-T19N-R26E

Field & reservoir (if wildcat, so state)

County

wildcat

Apache

Distance, in miles, and direction from nearest town or post office

10 mi. South of Navajo

Nearest distance from proposed location to property or lease line:

1010

feet

Distance from proposed location to nearest drilling, completed or applied—for well on the same lease:

none

feet

Proposed depth:

1000

Rotary or cable tools

cable

Approx. date work will start

7-1-65

Number of acres in lease:

320

Number of wells on lease, including this well, completed in or drilling to this reservoir:

1

If lease, purchased with one or more wells drilled, from whom purchased:

Name

Address

Hartmann Roxbury, 3511 N. 5th Ave., Apt. 5, Phoenix, Arizona

Status and amount of bond

\$10,000

Organization Report

On file

Or attached On file

Filing Fee of \$25.00

Attached attached

Remarks: (If this is an application to deepen or plug back, briefly describe work to be done, giving present producing zone and expected new producing zone)

This well was originally drilled as the Teil Development Co. Kruglich-Fletcher #1 State under Permit 143

*Fill in Proposed Casing Program on reverse side

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Executive Vice President of the Apache Drilling Co. Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

CONFIDENTIAL

Signature

Date 6-29-65

Permit Number

319

Approval Date:

Approved By:

John Bannister

Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

See Instruction on Reverse Side of Form

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Drill, Deepen or Plug Back and Plat
File Two Copies

Form No. 3

(Complete Reverse Side)

1. Operator shall outline the dedicated acreage for both oil and gas wells on the plat.
2. A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
3. All distances shown on the plat must be from the outer boundaries of the Section.
4. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO _____
5. If the answer to question four is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES _____ NO _____. If answer is "yes," Type of Consolidation _____
6. If the answer to question four is "no," list all the owners and their respective interests below:

Owner	Land Description

CERTIFICATION

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

C.T. Henderson

Name _____

Ex. Vice Pres.

Position _____

Apache Drilling Co. Inc.

Company _____

Date _____

6-29-65

I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____

Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____

PROPOSED CASING PROGRAM

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement
10-3/4:				129.6		20 sax
4.5				760		100 sax
already in hole						



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

May 19, 1971

Mr. Powell Gillenwater
2304 First Federal Savings Building
3003 North Central Avenue
Phoenix, Arizona 85012

Re: Arizona Helium Corporation

Dear Mr. Gillenwater:

Attached is the information available to us that may be of some interest to you.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA:jd
Enc.

List of wells involved
Arizona Helium Corp. Bond No. 22651-13-955-65
Apache Drilling Co. Bond No. 22651-13-955-65
Well Completion Report on Permit #353
Well Completion Report on Permit 167

3/19

NAMES AND LOCATIONS OF WELLS

Permit #167 - Ram Oil Company State #1-14 SW SW Sec. 14-T19N-R26E
Permit #318 - Apache Drilling #1 Spurlock Wetzler Fee
SW NE Sec. 23-T19N-R26E
Permit #322 - Apache Drilling #2 Spurlock Wetzler Fee
NE SE Sec. 27-T18N-R26E
Permit #341 - Apache Drilling #3 Spurlock Wetzler
SE NW Sec. 25-T18N-R26E
Permit #355 - Apache Drilling #13 Spurlock Wetzler Fee
SW NE Sec. 13-T18N-R26E
Permit #319 - Apache Drilling #1 State NE SE Sec. 22-T19N-R26E
Permit #346 - Apache Drilling #1-22 State NW SE Sec. 22-T19N-R26E
Permit #353 - Apache Drilling #1 Santa Fe SE NW Sec. 25-T20N-R27E



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

April 23, 1971

Mr. Jack Pearson
United States Fidelity & Guaranty
Bond Department
3605 North 7th Avenue
Phoenix, Arizona 85013

Re: Bond No. 22651-13-955-65
Arizona Helium Corporation

Dear Mr. Pearson:

We have been advised that your principal under the above referenced bond, Arizona Helium Corporation, has taken bankruptcy and is no longer in a position to discharge their obligations of plugging the wells covered under the above referenced bond in accordance with Rule 201 and 202 of the Rules and Regulations of the Oil and Gas Conservation Commission.

In order to comply with these rules, and as your company is surety under their bond, I would like to arrange a conference with you or anyone that you might designate to discuss the plugging of these various wells.

Please advise this office as quickly as possible when such a conference can be arranged.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA:jd
cc: Arizona Helium Corporation

3/11



EASTERN PETROLEUM CO.
EASTERN DRILLING, INC.

TELEPHONE 38-24104 • P. O. BOX 291 • CARMEL, ILLINOIS

April 21, 1971

Mr. W. E. Allen
Oil & Gas Conservation Comm.
4515 North 7th Avenue
Phoenix, Arizona 85013

Re: Arizona Helium

Dear Mr. Allen:

I have discussed the contents of your letter of March 24 with Mr. Fullop relative to unplugged holes of Arizona Helium.

Mr. Fullop stated that he cannot recall any discussion with Mr. Hashem regarding such an arrangement. Since Arizona is going into full bankruptcy it would appear the bonding company is the logical recourse.

Yours very truly,

EASTERN PETROLEUM COMPANY

J. N. Edwards
J. N. Edwards

JNE: sja

RECEIVED

APR 23 1971

O & G CONS. COMM.

3/19



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

March 24, 1971

Mr. Henry Fullop
Eastern Petroleum Company
P. O. Box 291
Carmi, Illinois 62821

Dear Mr. Fullop:

We are enclosing a copy of the letter sent to Arizona Helium Corporation for your information. Mr. Abrams, the receiver for Arizona Helium Corporation, has indicated to me that a Mr. Tom Hashem has made some kind of arrangements with you to plug the wells discussed in the enclosed letter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "W. E. Allen", is written over a horizontal line.

W. E. Allen, Director
Enforcement Section

WEA:jd
Enc.

3/19



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

March 24, 1971

Mr. H. J. Abrams
Arizona Helium Corporation
3440 North 16th Street
Phoenix, Arizona 85016

Re: Ram Oil Company State #1-14
SW/4 SW/4 Sec. 14-T19N-R26E
Apache County
Our File #167

Apache Drilling #1 State
NE/4 SE/4 Sec. 22-T19N-R26E
Apache County
Our File #319

Apache Drilling #3 Spurlock-
Wetzler Fee
SE/4 NW/4 Sec. 25-T18N-R26E
Apache County
Our File #341

Apache Drilling #1 Spurlock
SW/4 NE/4 Sec. 23-T19N-R26E
Apache County
Our File #318

Apache Drilling #2 Spurlock-
Wetzler Fee
NE/4 SE/4 Sec. 27-T18N-R26E
Apache County
Our File #322

Apache Drilling #1-22 State
NW/4 SE/4 Sec. 22-T19N-R26E
Apache County
Our File #346

Apache Drilling #13 Spurlock-
Wetzler Fee
SW/4 NE/4 Sec. 13-T18N-R26E
Apache County
Our File #355

Dear Mr. Abrams:

At the request of Mr. Robert B. MacTough the Oil and Gas Commission granted Arizona Helium Corporation permission to continue the above wells in a temporary abandoned status until December 31, 1969. Because of various difficulties that were being experienced by Arizona Helium Corporation, the Commission did not demand that the wells be plugged at the end of the above mentioned expiration date.

March 24, 1971
Mr. H. J. Abrams
Page 2

Apparently Arizona Helium has been unable to solve their problems; and, the Commission can no longer permit the above wells to remain in a temporary abandoned status. In order to insure the continued protection of potential producing reservoirs, to prevent possible waste, and to protect fresh water zones in the subject wells, the Commission must now demand that the above wells be plugged in accordance with Rules 201 and 202 of the Rules and Regulations of the Oil and Gas Conservation Commission. (Copy enclosed)

Should Arizona Helium not take the steps necessary to properly plug the subject wells as quickly as possible, the Commission will then have no course open to it except to require the bonding company to have the wells plugged under their bond #22651-13-955-65.

Please advise this office of your course of action immediately.

Very truly yours,



W. E. Allen, Director
Enforcement Section

WEA:jd

Enc.

cc: Mr. Jack Pearson, U.S. F.&G

3/9

January 5, 1966

Apache Drilling Co. Inc.
7823 N. 27th Avenue
Phoenix, Arizona

Re: Warrant 068158 of December 31, 1965, Amount \$25.00

Gentlemen:

Enclosed is captioned warrant, refund of your fee paid
with your application to re-enter the old Teal well.

Very truly yours,

John Bannister
Executive Secretary
BT
enc

319

CERTIFIED MAIL
No. 461060

November 29, 1965

Apache Drilling Co. Inc.
6201 W. Indianola
Phoenix, Arizona

Re: Application to Re-enter
Apache Drilling Co. #1 State well
NE/4SE/4 22-19N-26E, Apache County
File 319

Gentlemen:

Enclosed for your information, please find a copy of a letter dated November 29, 1965 to Tail Development Company wherein this Commission has ordered the plugging of the old Tail well.

Inasmuch as the State Land Department has refused permission that you use their property, in this incidents known as the Tail Development Co. Kruglich-Fletcher #1 State well, this Commission consequently denies the captioned application to re-enter said well.

We are making the necessary arrangements for the refunding of your \$25.00 filing fee. It will be necessary that you sign the enclosed voucher and return it to this Commission. As possible a check will be issued to you for the refunding

will you please contact this

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input type="checkbox"/> Deliver ONLY to addressee	<input type="checkbox"/> Show address where delivered
(Additional charges required for these services)	
RETURN RECEIPT	
Received the numbered article described on other side.	
SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)	
<i>Apache Drilling Co., Inc.</i>	
SIGNATURE OF ADDRESSEE'S AGENT, IF ANY	
<i>Donald</i>	
DATE DELIVERED	ADDRESS WHERE DELIVERED (only if requested in item #1)
11/30/65	

CS-16-71548-4 GPO

Attorney at Law - certified No. 461057
in file 143

CERTIFIED MAIL
No. 461060

November 23, 1965

Apache Drilling Co. Inc.
6201 W. Indianola
Phoenix, Arizona

Re: Application to Re-enter
Apache Drilling Co. #1 State well
NE/4SE/4 22-19N-26E, Apache County
Vile 315

Conclusions:

Enclosed for your information, please find a copy of a letter dated November 29, 1965 to Tail Development Company wherein this Commission has ordered the plugging of the old Tail well.

Inasmuch as the State Land Department has refused permission that you use their property, in this incidents known as the Tail Development Co. Kruglick-Flatcher #1 State well, this Commission consequently denies the captioned application to re-enter said well.

We are making the necessary arrangements for the refunding of your \$25.00 filing fee. It will be necessary that you sign the enclosed voucher and return it to this Commission. As soon as possible a check will be issued to you for the refunding of this filing fee.

Should you have any questions, will you please contact this office.

Very truly yours,

John Bannister
Executive Secretary
NR
ene

CC: State Land Department
Mr. Clyde Emmett Douglas, Attorney at Law - certified No. 461057
in file 143

REGISTERED NO. 41060 EXHIBIT NO. _____ CITY, ZONE AND STATE _____ TELEPHONE NO. _____ ADDRESS _____ COUNTRY _____		RETURN TO (Stamp)
NAME OF SENDER _____ STREET AND NO. OR P. O. BOX _____ CITY, ZONE AND STATE _____ TELEPHONE NO. _____ ADDRESS _____ COUNTRY _____		INSTRUCTIONS: Fill in items below and complete on front of article Return Receipt Requested. Gummed ends and attach to back of article. Place on other side, when applicable. Moistened with adhesive.

CERTIFIED MAIL

November 29, 1965

Teal Development Company
516 West Kaler Drive
Phoenix, Arizona 85021

Re: Teal Development Co. Kruglich-Fletcher #1 State well
NW/4SW/4 22-19N-26E, Apache County, Arizona
Permit 143

Gentlemen:

Inasmuch as the principals involved in the captioned well have not made satisfactory arrangements with the State Land Department for the use of this well, this Commission has no alternative other than to order the plugging of this well.

Consequently, the order of this Commission is that the captioned well be plugged in the following manner:

All tubing shall be pulled and stock piled on the premises for the ultimate disposition by the State Land Department.

A 50 foot cement plug shall be spotted in the bottom of the hole and a 20 foot cement plug set at the surface. The interval between the two plugs must be filled with a heavy mud laden fluid.

A marker of not less than four inches in diameter and protruding at least four feet above the general ground surface and a permanent sign affixed thereto containing the following information:

- (a) name of the well
- (b) location of the well by quarter-quarter section, township, and range
- (c) permit number.

In addition to the plugging of this well, our Form 9, Application to Abandon and Plug, Form 10, Plugging Record, and Form 4, Well Completion Report, must be filed with this Commission.

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Teal Development Company
November 29, 1965
Page 2

Copies of any logs which have been taken by the operator must also be filed.

This work must be completed by December 31, 1965.

Should you have any question concerning this order of the Commission, will you please advise.

Very truly yours,

John Bannister
Executive Secretary
BT

cc: Mr. C.E. Douglas, Attorney at Law, 1260 Del Webb's
Townhouse, 100 W. Clarendon, Phoenix, Arizona 85002

Mr. Hartmann Roxbury, 3611 W. 5th Ave., Apt 9,
Phoenix 85013

Mr. Robert L. Fletcher, 7620 N. 7th Street, Phoenix 85020 /

Apache Drilling Company, 6201 W. Indianola, Phoenix, Arizona

State Land Department, 400 Arizona State Office Bldg.,
Phoenix 85007

Hartford Insurance Group, 1410 N. 3rd St., Phoenix, Ariz.

319

November 15, 1965

Mr. Clyde Emmett Douglas
Attorney at Law
Suite 1250 Del Webb's Townhouse
100 West Glendale
Phoenix, Arizona 85002

Re: Teal Development Co. #1 State Kruglich-Fletcher well
NS/4SW/4 E2-19N-26E, Apache County
File 143

Dear Mr. Douglas:

This will acknowledge receipt of your letter of November 4, 1965, together with the Designation of Operator as to Mr. Hartmann Roxbury's acreage under lease 9622.

I have checked with the State Land Department and they have advised that they do recognize Apache Drilling Company's operating rights on that lease, but still that they do not consider this a right in the captioned well itself.

Consequently this office regrets to inform you that we are still unable to approve the application by Apache Drilling Company to re-enter the Teal well.

At the earliest time I will discuss this situation further with the State Land Department. However, I am of the opinion that if the parties concerned cannot get together as to the Teal well itself, the Land Department will insist that this well be plugged as per their letter of October 20, 1965.

If I may be of any further help, will you please advise.

Very truly yours,

John Baunister
Executive Secretary
or

319

November 4, 1965.

Oil & Gas Conservation Commission
State of Arizona
Room 202 1624 W. Adams,
Phoenix, Arizona 85007

Re: Oil & Gas Lease 9622.
Section 22, T 19 N, R
26 E, Apache County, Ariz.
Field Development - State
No. 1 Well.

Gentlemen,

The writer is attorney for Apache Drilling Company, to whom the Hartmann Roxbury leases on the captioned property have been assigned by Mr. Roxbury. I enclose herewith a Designation of Operator letter executed by Mr. Hartmann Roxbury.

Under the blanket bond of the Apache Drilling Company this well is included. We will have the proper authority on behalf of the bonding company, furnish you with a confirmation of this coverage.

It is my understanding that, upon receipt of this indicated Designation of Operation and confirmation relative thereto by the bonding company, you will acknowledge this well as being owned by the Apache Drilling Company.

If there is anything else that needs to be completed in this matter, I would appreciate your advising me.

Very truly yours,

319
CED:lb
enclosure

Clyde E. Douglas

DESIGNATION OF OPERATOR

TO: Oil & Gas Conservation Commission, State of Arizona.

The undersigned is, on the records of the Oil & Gas Conservation Commission, State of Arizona, the holder of that certain oil and gas lease

No. 9622, dated May 17, 1965.

and hereby designates APACHE DRILLING COMPANY, an Arizona corporation, with offices at 6201 W. Indianola, Phoenix, Arizona, as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to the following acreage:

320 acres in the South Half of Section 22,
Township 19 North, Range 26 East, of
Apache County, State of Arizona.

It is understood that this designation of operator does not relieve the Lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the Lessee will make full and prompt compliance with all regulations, lease terms or orders of the Oil & Gas Conservation Commission, of the State of Arizona, or its representative.

The Lessee agrees promptly to notify the above named departments of any change in the designated operator.

Hartmann Roxbury

319
Date

Princeline Roxbury

CLYDE EMMETT DOUGLAS
ATTORNEY AT LAW
SUITE 1280 OFL WHEELER TOWNHOUSE
100 WEST CLARENDON
PHOENIX, ARIZONA 85002

November 12, 1965

Mr. John Bannister, Exec. Secty.
State of Arizona Oil & Gas Commission,
State Office Building,
Phoenix, Arizona.

Re: Apache Drilling Company.

Dear Mr. Bannister:

The writer has been instructed by the President of Apache Drilling Company to advise you that Mr. Joe Barrett, Geologist, on retainer with Apache Drilling Company, is hereby authorized to apply for drilling permits, to file reports as requested by the Oil & Gas Commission pertaining to Apache Drilling Company and to release information regarding Apache Drilling Company's drilling program and leases for publication.

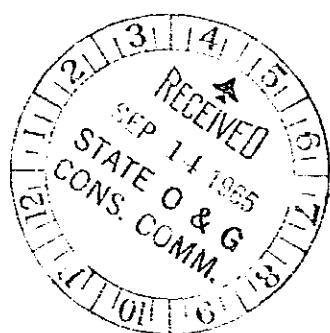
Very truly yours,

CED:lh

Clyde E. Douglas

cc: Richard H. McDonald
6201 West Indianapolis
Phoenix, Arizona





September 13, 1965

VIA CERTIFIED MAIL #570807
RETURN RECEIPT REQUESTED

Mr. R. L. Fletcher
7620 N. 7th Street
Phoenix, Arizona 85020

Dear Mr. Fletcher:

Please refer to our letter dated September 2, 1965 in relation to the Teil Development Company State No. 1 well located in SWNESE of Section 22, Township 19 North, Range 26 East, Apache County, Arizona.

This is notice to you that the Department is extending for thirty days the time set in the subject letter for assertion of its title to the "non-essential" equipment in the subject well.

This action is being taken in the hope that equitable agreement can be reached by all concerned during the interim.

Yours very truly,

F. C. RYAN, SUPERVISOR
Mineral, Oil and Gas
Production Division

FCR:dmo

cc: Oil & Gas Conservation Commission ✓
Teil Development Company
Apache Drilling Co., Inc.
Hartmann Roxbury

#143

319

C
O
P
Y

OBER M. LASSEN
STATE LAND COMMISSIONER
PHONE 271-4621

STATE LAND DEPARTMENT

STATE OF ARIZONA
STATE OFFICE BUILDING
PHOENIX 7, ARIZONA

September 2, 1965

LOUIS C. DUNCAN
MANAGER
PHONE 271-4621

ACCOUNTING DIVISION
PHONE 271-4622

LEASING DIVISION
PHONE 271-4634

LEGAL DIVISION
PHONE 271-4626

MINERAL, OIL & GAS
PRODUCTION DIVISION
PHONE 271-4628

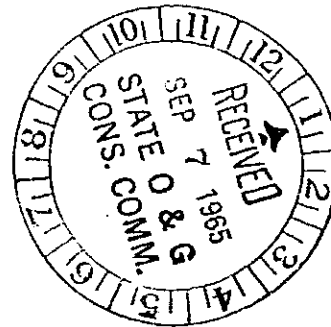
SALES DIVISION
PHONE 271-4631

SERVICE DIVISION
PHONE 271-4637

SOIL CONSERVATION
DIVISION
PHONE 271-4625

WATER DIVISION
PHONE 271-4629

WATERSHED
MANAGEMENT DIVISION
PHONE 271-4633



Mr. John Bannister
Executive Secretary
Oil and Gas Conservation Commission
1624 W. Adams
Phoenix, Arizona 85007

Dear Mr. Bannister:

The enclosed copy of a letter of this date to
Mr. R. L. Fletcher is being forwarded to you
for your information.

Yours very truly,

F. C. RYAN, SUPERVISOR
Mineral, Oil and Gas
Production Division

FCR:dmc

319

September 2, 1965

VIA CERTIFIED MAIL *570649
RETURN RECEIPT REQUESTED

Mr. R. L. Fletcher
7620 N. 7th Street
Phoenix, Arizona 85020

Dear Mr. Fletcher:

This is in relation to the Teil Development Company State No. 1 well located in the SWNESE of Section 22, Township 19 North, Range 26 East, Apache County, Arizona.

As you will remember, this well, your expired Lease No. 5454, and the lease presently covering the ground, No. 9622, were discussed at length with you and others of interest about 60 days ago in the State Land Commissioner's Office.

At the time of the above meeting, July 1, 1965, the Department had before it a request made on June 18, 1965 by Apache Drilling Company for permission to re-enter the well for purposes of their own on behalf of the present lease-holder of the ground embracing the well, Hartmann Roxbury. This request raised the question of ownership of the well drilled by Teil Development and of the equipment within it. It was the position of the Department that according to the law it was in ownership that day of the actual drilled hole and that equipment within the hole deemed necessary by the State Oil and Gas Conservation Commission to its proper plugging. This type of equipment is best described as "permanent".

The period legally provided for the removal of non-permanent improvements from State-leased land expired on or about August 16, 1965 — Oil and Gas Lease No. 5454 having expired on May 16, 1965. It follows that the State acquired title to the remaining "unessential" or "non-permanent" equipment on August 16th, and today is in full ownership of the well and all its equipment.

However, the Department is not in the business of salvaging production tubing and other "non-permanent" equipment from wells; neither is it inclined to take undue advantage of its lessee's errors of omission; rather, it would hope that the matter could be resolved to the best interests of the State and with reasonable equity to all concerned without the Department asserting title to the tubing and other non-essential equipment. In this vein it is recommended that you and your interests immediately take whatever steps are necessary to effect an agreement with Apache Drilling Company permitting their use of the "non-essential" equipment in the hole or

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Page 2 (continued)

R. L. Fletcher

Sept. 2, '65

alternatively, removing such equipment from the premises in a manner in keeping with the rules and regulations of the Oil and Gas Conservation Commission.

This is notice to you that the Department will assert its title to any tubing and other "non-essential" equipment remaining in the hole at 10:00 A.M., September 16, 1965. Immediately thereafter the request for re-entry by Apache will be considered on its merits whether or not Apache is at that time bound to you and your interests by agreement.

Copies of this letter are being furnished to those known to have evidenced interest in this matter.

Yours very truly,

F. C. RYAN, SUPERVISOR
Mineral, Oil and Gas
Production Division

FCR:dmc

cc: Oil & Gas Conservation Commission ✓
Teil Development Company
Apache Drilling Co., Inc.
Hartmann Roxbury

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July 9, 1965

Mr. Obed M. Lassen
Commissioner, State Land Department
400 Arizona State Office Bldg.
Phoenix, Arizona 85007

Re: Apache Drilling Co. Inc.
Application to Re-enter Tiel Development Co. #1 State
well, located NE/4SE/4, 22-T19N-R26E, Apache County,
your lease 9622
Our File 319

Dear Mr. Lassen:

On June 29, 1965 Apache Drilling Co. Inc., through its Executive Vice President, Mr. C.T. Henderson, made application to re-enter the old Tiel well.

I had been advised that the lease upon which the Tiel well was drilled, your lease 5454, has expired and that your lease 9622 was issued to Mr. Hartman Roxbury and subsequently acquired by Mr. C.T. Henderson.

Inasmuch as the expiration of the former lease would place the State in the position of ownership of the well, would you please advise this office, at your earliest convenience, if you acquiesce in the use of this well by Mr. Henderson. This office does not question Mr. Henderson's right to drill under State lease 9622. However, inasmuch as this well now is State property, this office feels that future use of this well should be done only with your permission.

Should you have any questions, would you please advise.

Yours very truly,

John Bannister
Executive Secretary
MR

June 29, 1965

Arizona Oil & Gas Conservation Commission
202 Arizona State Office Bldg.
Phoenix, Arizona

Re: Apache Drilling Co. #1 Spurlock Wetzlar Fee
SW/4NE/4 23-T19N-R26E, Apache County
Permit 318

Apache Drilling Co. #1 State
NE/4SE/4 22-T19N-R26E, Apache County
Permit 319

Gentlemen:

We desire to drill these holes tight. It is requested that
all information be kept confidential.

Yours truly,

C.T. Henderson

C.T. Henderson

CONFIDENTIAL

Please Date _____